

**CONTRACT #17
RFS # 317.86-023**

**Department of Finance &
Administration
Insurance Administration**

**VENDOR:
Fort Dearborn Life Insurance
Company**

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

RECEIVED

FEB 15 2007

Commissioner of Finance & Administration

Date:

FISCAL REVIEW

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	317.86-023	
2) State Agency Name :	Finance and Administration	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Basic Term Life, AD&D, and Optional AD&D Insurance services.	
4) Contractor :	Fort Dearborn Life Insurance Company	
5) Contract #	FA-04-15782	
6) Contract Start Date :	January 1, 2004	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2007	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$45,000,000	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	2	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	March 1, 2007	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2007	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$45,000,000	
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
Will allow the Contractor to perform a service they currently provide for the State Group Life Insurance Program for individuals applying for AccessTN. The service is the review of an applicant's medical characteristics to determine if they qualify for health insurance coverage.		
15) Explanation of Need for the Proposed Amendment :		

This service is necessary to determine AccessTN health pool eligibility for those individuals applying for AccessTN.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Herrm LeFevre, Fort Dearborn Life Insurance Company, 1020 31st Street, Downers Grove, IL 60515

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

This company currently performs this service for the State as part of the scope of services for life insurance coverage and has always performed within the State's expectations.

21) Justification for the Proposed Non-Competitive Amendment :

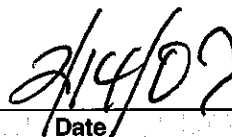
The Contractor is willing to work with the State and assume this additional responsibility given the anticipated start date of accepting applications for the AccessTN program.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



Agency Head Signature



Date



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
INSURANCE ADMINISTRATION**

312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

Richard Chapman
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Richard Chapman, Executive Director, Division of Insurance Administration 

Date: February 15, 2007

RE: Amendment to Add Underwriting Services for AccessTN applicants

Please find attached a Non-Competitive Amendment request to add language to the existing contract with Fort Dearborn Life Insurance Company signed by Commissioner M. D. Goetz, Jr. The initial competitively procured contract and amendment # 1 are included as is a draft of the amendment which adds to the scope of services the additional responsibilities for the provision of underwriting and administrative services for applicants for the AccessTN program.

As the start date for accepting applications for AccessTN is early in March, 2007, the Contractor is currently providing this service for individuals seeking to secure group life insurance under the State Group Life Insurance Program. This is a logical extension of the scope of services to secure these services in an effective way. All fees paid for the items provided through the scope of services will be paid to the Contractor by the individual making the application to AccessTN. The Division of Insurance Administration is seeking to amend this contract to ensure the required services are provided with sufficient time to work through modifications prior to the implementation date of March 1, 2007. This amendment does not require an extension of the contract term or additional cost to the State.

Thank you for your consideration of this request.

**AMENDMENT NUMBER TWO
TO CONTRACT NUMBER FA-04-15782-00
BETWEEN THE STATE OF TENNESSEE, STATE INSURANCE COMMITTEE
AND
FORT DEARBORN LIFE INSURANCE COMPANY**

This contract, by and between the State of Tennessee, State Insurance Committee hereinafter referred to as the State, and Fort Dearborn Life Insurance Company, hereinafter referred to as the Contractor is hereby amended as follows:

1. Delete the preamble to this contract in its entirety and insert the following in its place:

**CONTRACT
BETWEEN THE STATE OF TENNESSEE, DEPARTMENT OF FINANCE AND ADMINISTRATION AND THE
STATE INSURANCE COMMITTEE
AND
FORT DEARBORN LIFE INSURANCE COMPANY**

This contract, by and between the State of Tennessee, Department of Finance and Administration and the State Insurance Committee, hereinafter referred to as the "State", and Fort Dearborn Life Insurance Company, hereinafter referred to as the "Contractor" is for the provision of Underwriting and administration of the State Group Life Insurance Program and for the Cover Tennessee Plan known as AccessTN, administered by the Department of Finance and Administration and for those plans sponsored by the State Insurance Committee as further defined in the "Scope of Services."

The Contractor is a for-profit corporation. The Contractor's address is:
Fort Dearborn Life Insurance Company
1020 31st Street
Downers Grove, IL 60515

The Contractor's place of incorporation or organization is Illinois.

2. Delete Section E.2 in its entirety and insert the following in its place:

E.2 Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

<p>The State: Marlene D. Alvarez, Manager of Procurement and Contracting Division of Insurance Administration 26th Floor, William R. Snodgrass Tennessee Tower 312 Eighth Avenue North Nashville, TN 37243 Phone: 615-253-8358 Fax: 615-253-8556 Email Address: marlene.alvarez@state.tn.us</p>	<p>The Contractor: Maria Suarez, Manager of Broker Relations Fort Dearborn Life Insurance Co. 1020 31st Street Downers Grove, IL 60515 Phone: 630-824-6155 Fax: 630-824-5413 Email Address: maria_suarez@fdlic.com</p>
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All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

3. Add the following as Section A.1.8 and renumber any subsequent sections as necessary:

A.1.8 Underwriting and Administrative Services for AccessTN Applicants

A.1.8.1 The Contractor shall provide underwriting and administrative services for individuals making an application for AccessTN. The Contractor will perform the underwriting process in a manner consistent with the privacy and security requirements of the Health Insurance Portability and Accountability Act of 1996, HIPAA.

A.1.8.2 The Contractor shall receive information from the Plan Administrator and shall communicate their determination regarding eligibility to the Plan Administrator.

A.1.8.3 The Contractor shall develop an internal appeal process regarding the eligibility determination made that shall be subject to the review and comment by the State. The Contractor shall participate in Access Tennessee Board Review of eligibility determinations.

A.1.8.4 The Contractor shall be reimbursed for the cost of underwriting services by the individuals applying for AccessTN coverage.

4. Add the following as Section C.5.3 and renumber any subsequent sections as necessary:

C.5.3 Each applicant submitting an application shall pay a non-refundable Service Fee directly to the Contractor for underwriting services in the amount of Seventy-Five Dollars (\$75.00). The Service Fee shall be submitted with the application. The Contractor shall have no obligation to provide underwriting services for an application until the required Service Fee has been received.

The other terms and conditions of this contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

FORT DEARBORN LIFE INSURANCE COMPANY:

HERM LeFEVRE, CHIEF UNDERWRITING OFFICER

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY

STATE OF TENNESSEE, DEPARTMENT OF FINANCE AND ADMINISTRATION AND THE STATE INSURANCE COMMITTEE:

M. D. GOETZ, JR., CHAIRMAN

DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., CHAIRMAN

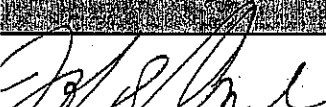
DATE

COMPTROLLER OF THE TREASURY:

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY DATE

CONTRACT SUMMARY SHEET

021406

RFS #				Contract #			
317.86-023				FA-04-15782-01			
State Agency				State Agency Division			
Finance & Administration				Insurance Administration			
Contractor Name				Contractor ID # (FEIN or SSN)			
Fort Dearborn Life Insurance Company				<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V-		36-2598882	
Service Description							
Basic Term Life, AD&D, and Optional AD&D Insurance services.							
Contract Begin Date		Contract End Date		SUBRECIPIENT or VENDOR?		CFDA #	
January 1, 2004		December 31, 2007		Vendor			
Mark Each TRUE Statement							
<input checked="" type="checkbox"/> Contractor is on STARS				<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts			
Allotment Code		Cost Center		Object Code		Fund	
317.86		50, 56		890, 900		55	
Funding Grant Code		Funding Subgrant Code					
FY		State		Federal		Interdepartmental	
2004-2006						39,000,000	
2007						4,950,000	
2008						1,050,000	
TOTAL:						45,000,000	
COMPLETE FOR AMENDMENTS ONLY				State Agency Fiscal Contact & Telephone #			
FY		Base Contract & Prior Amendments		THIS Amendment ONLY		John Anderson 13 th Floor, WRS Tennessee Tower, 312 8 th Ave No Nashville, TN 37243	
2004-2006		39,000,000				State Agency Budget Officer Approval	
2007		1,000,000		3,950,000			
2008				1,050,000		Funding Certification (certification required by E.O. 12813 that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)	
TOTAL:		40,000,000		5,000,000			
End Date:		December 31, 2006		December 31, 2007			
Contractor Ownership (complete only for base contracts with contract # prefix FA or GR)							
<input type="checkbox"/> African American		<input type="checkbox"/> Person w/ Disability		<input type="checkbox"/> Hispanic		<input type="checkbox"/> Small Business	
<input type="checkbox"/> Asian		<input type="checkbox"/> Female		<input type="checkbox"/> Native American		<input checked="" type="checkbox"/> NOT minority/disadvantaged	
				<input type="checkbox"/> OTHER minority/disadvantaged			
Contractor Selection Method (complete for ALL base contracts - N/A to amendments or delegated authorities)							
<input type="checkbox"/> RFP		<input type="checkbox"/> Competitive Negotiation		<input type="checkbox"/> Alternative Competitive Method			
<input type="checkbox"/> Non-Competitive Negotiation		<input type="checkbox"/> Negotiation w/ Government (e.g., ID, GG, GU)		<input type="checkbox"/> Other			
Procurement Process Summary (complete for selection by Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)							
MAY 30 2006 RECEIVED OFFICE OF THE COMPTROLLER OF THE TREASURY							